

## Message Text

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ACTION EB-11

INFO OCT-01 ARA-16 ISO-00 AGR-20 CIAE-00 COME-00 INR-10

LAB-06 NSAE-00 RSC-01 SP-03 STR-08 TRSE-00 SWF-02

CIEP-02 OMB-01 AID-20 L-03 DRC-01 /105 W

----- 072856

R 101535Z JUL 74

FM AMEMBASSY SAN SAVADOR

TO AMEMBASSY MANAGUA

AMEMBASSY MANAGUA

INFO AMEMBASSY GUATEMALA

AMEMBASSY SANNXOSE

AMEMBASSY TELECIGALPA

SECSTATE WASHDC 5920

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EO 11652/ N/A

TAGS: ETRD XK ES

SUBJ: TEXTILES - JURICH CONSULTATIONS WITH CA

REF: A. SAN SALVADOR 2679; B. MANAGUA 2628

(GUATEMALA ALSO FOR ROCAP)

1. IN RESPONSE TO REFTEL B, THE GOES DELEGATION WILL PROBABLY  
NUMBER FOURXU#IN ADDITION TO DELEGATION HEAD VALENCIA VALLA-

DARES AND DEPUTY CORDERO D'AUBUISSON, MENTIONED IN REFTEL A,  
WILL BE DR. LEONILO ARMADO ALAS, DIRECTOR OF THE ECONOMY MINIS-  
TRY'S DIRECTORATE FOR INTERNATIONAL ECONOMY, AND LIC. HERNAN  
CORTEZ, ECONOMIST WITH THE SALVADORAN INDUSTRIAL DEVELOPMENT  
BANK (INSAFI). AN ATERNATE TO CORTEZ IS LIC. ALFREDO MILIAN,  
A TECHNICAL ADVISOR IN THE CENTRAL PLANNING OFFICE (CONAPLAN).

2. BIGORAPHIC NOTES: (A) LIC. CARLOS VALENCIA VALLADARES,  
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AGE 48, SUBSECRETARY OF INTEGRATION AND INTERNATIONAL ECONOMY,

MINISTRY OF ECONOMY SINCE JULY 1, 1932. HE GRADUATED IN ECONOMICS FROM UNIVERSITY OF EL SALADOR AND TAUGHT IN THE ECONOMICS FACULTY AT TH UES. HIS GOES EXPERIENCE INCLUDES STATISTICAL WORK IN CONAPLAN AND SOCIAL SECURITY, WORK AS AN ECONOMIST AND THE DIRECTORATES OF INTERNATIONAL TRADE AND ECONOMIC INTEGRATION IN THE ECONOMY MINISTRY, AND IS GENERAL MANAGER OF THE SALVADORAN SOCIAL SECURITY INSTITUTE PRIOR TO ASSUMING HIS PRESENT POSITION. HE READS SOME ENGLISH.

(B) DR. CARLOS VORDERO D'AUBUISSON, DIRECTOR GENERAL OF FOREIGN POLICY, MINISTRY OF FOREIGN RELATIONS (THIRD RANKING), WAS BORN IN 1921 AND WITH HIS FAMILY HAS LIVED A NUMBER OF YEARS IN THE U.S. HE RECEIVED HIS B.A. FROM FORDHAM AND M.A. IN ECONOMICS FROM NYU. AS AN ECONOMIST HE HAS HELD POSITIONS WITH ODECA, IDB, THE SALVADORAN CENTRAL RESERVE BANK, THE SALVADORAN COFFEE COMPANY AND TWICE SERVED AS ALTERNATE DELEGATE TO THE UNGA. FROM 1969 TO 1973 HE WAS SIECA'S REPRESENTATIVE IN GENEVA TO THE EEC AND WITH THIS BACKGROUND MAY WELL BE THE BEST PREPARE CENTRAL AMERICAN ON TRADE MATTERS. IN 1973 HE WAS FIRST NAMED AS ALTERNATE SALVADORAN REPRESENTATIVE TO THE HLC AND THEN TO HIS CURRENT POSITION. HE ATTENDED THE EBERLE MEETING IN MAGAUGA AND HAS SINCE BEEN INVOLVED IN THE GSP LIST PREPARATION. HE IS FLUENT IN ENGLISH. (C) DR. LEONILLO ARMANDO ALAS, AGED ABOUT 60, HAS BEEN CHIEF OF THE INTERNATIONAL TRADE DIRECTORATE (SINCE RENAMED) AT LVE ECONOMY MINISTRY FOR MANY YEARS. HE RECEIVED HIS ECONOMIC DEGREE AT THE UES AND TEACHES ECONOMICS PART-TIME AT THE CATHOLIC UNIVERSITY. WITHIN THE ECONOMY MINISTRY HE IS THE TRADE EXPERT. HE IS IN CHARGE OF IMPLEMENTING THE BILATERAL COTTON TEXTILE AGREEMENT AND THUS HAS FIRST HAND CONTACT WITH THE TEXTILE INDUSTRY. HE KNOWN LITTLE ENGLISH. (D) LIC. HERNAN CORTEZ, ECONOMIST WITH INSAFI WAS FOR MANY YEARS UNTIL ABOUT A YEAR AGO THE ECONOMY MINISTRY'S

CHIEF OF COMMERCIAL POLICY. RECENTLY HE HAS LET THE INTER-GOVERNMENTAL TECHNICAL WORKING GROUP ON THE GSP LISTS. HE HAS SOME ENGLISH ABILITY. (E) LIC. ALFREDO MILIANO TECNICAL ADVISOR OF THE PLANNING OFFICE (CONAPLAN) HAS WORKED FOR SEVERAL YEARS IN THE GOES' EXPORT PROMOTION EFFORT AND CURRENTLY IS INVOLVED IN DEVELOPING THE FIRST INDUSTRIAL FREE ZONE AND THE NEW EXPORT PROMOTION INSTITUTION. IN CONAPLAN HE IS ALSO CHARGED WITH TOURISM. HE RECEIVED HIS M.A. FROM AMERICAN UNIVERSITY IN LIMITED OFFICIAL USE

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INTERNATIONAL RELATIONS AND WAS SENT BY AID TO THE IMI COURSE IN 1972. HE ATTENDED THE EBERLE MEETING AND HAS REPRESENTED EL SALVADOR AT NUMEROUS EXPORT PROMOTION MEETINGS, SUCH AS THE SCCN AND CIPE. HE IS FLUENT IN ENGLISH.

3. VALENCIA, AS REPORTED IN REFTEL A, DOES NOT FEEL WELL-INFORMED CONCERNING THE PARAMETERS OF THE PROPOSED CONSULATION AND THUS IS SOMEWHAT INDEFINITE CONCERNING HIS OBJECTIVES. HIS OBJEC-

TIVES APPEAR PRIMARILY TWO, WITH A SUBSIDIARY  
THIRD: TO GAIN AND UNDERSTANDING OF THE NEW INTERNATIONAL TEXTILE  
AGREEMENT, TO DISCUSS AND HOPEFULLY DISCOVER ADDITIONAL  
TEXTILE MARKETS IN THE U.S. OR ELSEWHERE, AND AS A BY-  
PRODUCT, TO SEE REALIZED A BETTER UNDERSTANDING WITHIN CA  
OF THE TEXTILE INDUSTRY, ITS PROBLEMS AND FUTURE. THE EMBASSY  
HAS STRESSED THAT DISCUSSION OF THE CURRENT BILATERALS IS NOT  
GERMANE TO THE MEETING; NONETHELESS, WE PREDICT  
QUESTIONS OF QUOLH GROWTH, BILATERAL INTERPRETATIONS AND HARMON-  
IZATION WITH THE NEW AGREEMENT WILL BE RAISED. IN HIS CABLE  
RESPONDING TO THE GON INVITATION, VALENCIA ASKED GON SUBSECRETARY  
ZELEDON TO CAPA HIM. VALENCIA PROPOSES, IN THAT CALL, TO SUGGEST  
CA SESSION ON THE 17TH, AS WAS DONE PRIOR TO THE EBERLE MEETING.  
FOR THE PURPOSE OF DEFINING INTERESTS AND THE POSSIBILITIES  
AFFORED BY THE CONSUTATION.

4. IN 1973 EL SALVADOR EXPORTED TEXTILES VALUED AT AROUND \$48  
MILLION, RANKING THAT INDUSTRY IN EXPORTS THIRD TO COFFEE AND  
COTTON. YET, SOME 75 PERCENT OF DOMESTIC COTTON IS EX-  
PORTED IN RAW FORM, A FACT WHICH IS MOTIVATING PRIVATE AND  
PUBLIC EFFORTS TO INCREASE THE CAPACITY OF THE INDUSTRY TO  
CAPTURE THE ADDED VALUE. USING AS A BASE AN ESTIMATE BY THE  
NATIONAL ASSOCIATION OF PRIVATE BUSINESSMEN (ANEP) OF TEXTILE  
INDUSTRY EXPANSIONS AND NEW INVESTMENTS, IT APPEARS THAT CLOSE  
TO \$40 MILLION IS BEING COMMITTED TO WHAT IS ALREADY THE LARG-  
EST TEXTILE INDUSTRY IN CENTRAL AMERICA. ROUGHLY 80 PERCENT  
OF THE INDUSTRY IS COTTON-BASED AND IT INCREEVINGLY IS DEPEND-  
ING UPON THIRD COUNTRY MARKETS. 1973 PERFORMANCE WAS EXCEPTIONALLY  
GOOD AND THIS INDUCED A NUMBER OF NEWCOMERS TO INVEST,  
MANY OF WHOM DO NOT APPEAR TO HAVE ANY SECURITY OF MARKETS.  
CURRENTLY, WE ARE HEARING OF FOREIGN CONTRACTS BEING  
CUT BACK AND IN SOME CASES CANCELLED RR DOM OVERSTOCKING  
IN THE U.S., JAPAN AND EUROPE IN 1973. INVENTORIES ARE  
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BUILDING AND THERE IS INCREASING CONCERN IN THE INDUSTRY THAT  
IT IS ENTERING A SOFT PERIOD. SOME OF THE AFORMENTIONED  
PLANNED NEW INVESTMENTS, ALTHOUGH PLANNED TO THE POINT OF HAVING  
FINANCING, HAVE NOT YET "TURNED THE SHOVE" ANN MAY DECIDE  
TO GO INTO SUSPENSE UNTIL WORD-WIDE DEMAND STRENGTHENS.  
CAMPBELL

NOTE BY OC/T: #AS RECEIVED.

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## Message Attributes

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